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SUBJECT: CONTINUITY URGED IN BRIEFING TO NZ FOREIGN MINISTER

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1. (SBU) Summary. The Ministry of Foreign Affairs and Trade (MFAT) Briefing to Incoming Ministers (BIM), publicly released on December 8, makes a strong case for continuing the policies and approach of the previous government. The MFAT BIM provides the Ministry's opening summary of its current policy approach and funding expectations. MFAT's proposals for change were cautious and few. Although the new National-led Government is likely to continue many of the current policy settings, it nonetheless aims to promote more ambition and accountability in NZ's foreign policy. Whether this results in confrontation or partnership with MFAT remains to be seen. End Summary.

Incoming Foreign and Trade Ministers Briefed

2. (SBU) On December 8, the New Zealand Government publicly released the Ministry of Foreign Affairs and Trade Briefing to Incoming Ministers, or BIM. The purpose of the BIM, is to inform, update and provide suggestions for incoming ministers. The 2008 MFAT BIM details New Zealand's key relationships around the world, issues of regional and global importance, where and how it is engaged internationally, what are its foreign policy challenges and opportunities and who are the key domestic and international stakeholders.

Steady as She Goes

3. (SBU) Throughout the MFAT BIM there is a strong case for continuity of policy settings from the previous government. The few suggested deviations from current settings are typically mild and cautiously delivered. The new government is not likely to dramatically deviate from NZ's current foreign policy. Any changes instructed by the new National-led Government will likely be only in the margins and in tone.

Can a Bureaucracy be Bold?

4. (SBU) There have, however, been some acts of boldness in the new government that have outweighed its instinctively cautious officials. For example, Prime Minister John Key rejected a MFAT drafted speech to be delivered at the November 22 APEC Business Advisory Council in Peru for not being bold enough. Boldness and a desire make its mark are not, however, uncommon traits in new governments. Nonetheless, the capacity to sustain this high-tempo start will be largely determined by NZ's deteriorating fiscal position and the government's ability to resource its foreign ministry. Already, there are signs that such constraints are

affecting MFAT's funding.

Can MFAT Defend Peters' "Political Trophy?"

15. (SBU) Significant space in the BIM is allotted to the baseline funding package - the "Step Change" budget - introduced in 2007 by the previous government to enable MFAT to maintain capacity and capability and to develop NZ's diplomatic footprint at home and abroad over next five years. MFAT acknowledged, wistfully given its early embrace of the funding, that in light of NZ's deteriorating fiscal and economic position, there will be an "interim slow-down" in the funding's implementation in areas where expenditure has not already been incurred or committed. The language used by MFAT points to a defense of the new funding to the new government which has signaled well in advance that it aimed to review all public sector spending (Note: When the National Party was in opposition, it labeled the funding a "political trophy" for former Foreign Minister Winston Peters, who championed it. End Note). Within this context, MFAT makes the case to its new ministers that the new funding is essential to enable superior near and long-term outcomes.

The Pacific: Democracy Promotion High on Agenda

16. (SBU) In the Pacific, MFAT asserts that there are few, if any, changes needed to current policy. Continuity of approach, deliverables and outcomes are common themes. It acknowledges that security and development in the region remain fragile and NZ must continue to work in concert with others. Restoration of democracy in Fiji and enhanced democracy in Tonga remain central to MFAT's thinking in the region. Foreign Minister Murray McCully appears to concur as he has just traveled to Fiji to take part in the Pacific Forum Ministerial Contact Group tasked with encouraging Fiji's

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return to democratic rule. Additionally, on December 11 he announced that the government would commit NZD1.5 million to support the democratic reform process in Tonga. In the BIM, MFAT notes that Melanesia is an increasing focus for NZ's diplomatic efforts to address poverty and security issues prevalent in the region.

Israel Policy Could Change under New Govt

17. (SBU) In the Middle East, MFAT acknowledges that relations with Israel have improved since the 2005 passport incident, but also notes the complications posed by Israel's continued occupation of Arab lands and its conduct in the occupied Palestinian territory. This nuanced position may be challenged by the new government, particularly if the desire of a senior Cabinet minister, Attorney-General Chris Finlayson, for NZ to have a more supportive position towards Israel gains support. Although supportive of the Annapolis process, MFAT notes that prospects for final settlement remain in doubt due to political uncertainties on both the Israeli and Palestinian sides.

Flexibility and Increased Engagement in Asia

18. (SBU) In Asia, where MFAT believes the Step Change funding will reap the most benefits for NZ, it calls for increased engagement and influence. To win these benefits, MFAT believes that bilateral and regional responses need to be "nimble" to maximise gains. Within this context, nimble appears to refer to having a multifaceted approach in the region, given its many complexities and variations. On the U.S.-India Civilian Nuclear Co-Operation Agreement, MFAT claims that NZ is credited, in part, for ensuring the implementation of certain non-proliferation elements of the final agreement. NZ will continue to closely monitor the Agreement's implementation.

19. (SBU) On Afghanistan, MFAT notes that officials are presently drafting option papers for the Cabinet on NZ's future integrated participation in Afghanistan and Timor Leste. A Defense White Paper is due in 2009. MFAT reports that progress in Afghanistan remains constrained by security challenges and capacity constraints of the

Kabul government. On Iran's nuclear ambitions, MFAT affirms that Iran should meet IAEA and UNSC requirements and appears comforted by the commitment by Israel and the U.S. to take the diplomatic track to ease tensions.

¶10. (SBU) On matters of trade, MFAT's agenda affixes priority to multilateral mechanisms. Its plurilateral agenda is topped by the Trans-Pacific Strategic Economic Partnership (TPP), wherein it highlights the U.S. role. MFAT recommends that a visit to the U.S. by the Minister of Trade, Tim Groser, in either February or March 2009 (in advance of the planned TPP negotiation involving the U.S.) may be of "merit." MFAT also suggests that early ministerial visits to Korea and Japan could also bear fruit in possible closer trade relations with those countries.

Resource Diplomacy High on MFAT Agenda

¶11. (SBU) Resource Diplomacy features heavily in MFAT activities and plans. Ranging from climate change to whaling, MFAT notes that NZ seeks to be active in providing solutions and working on a range of related challenges. It acknowledges that the U.S. is NZ's key partner in Antarctica on logistical, scientific and policy-related matters.

Continuation of Activist Approach to Disarmament

¶12. (SBU) Though it recognises that the threat to NZ of a direct terrorist attack remains relatively low, MFAT asserts that NZ is committed to make a strong contribution to what it continues to term the "International Campaign against Terrorism." Central to this contribution is compliance with international counterterrorism instruments, MFAT refers to the UN Global Counter-Terrorism Strategy as a "key reference point." That being said, MFAT makes a case that the NZ Government ratifying the Nuclear Terrorism Convention and the 2005 Amendment to the Convention of the Physical Protection of Nuclear Materials will "send a strong signal of [NZ's] determination to combat the threat of nuclear/radiological terrorism."

¶13. (SBU) The MFAT BIM states that NZ will continue to pursue an activist disarmament agenda. It favours the strongest possible outcome on nuclear disarmament with regard to the NPT Review

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Conference in 2010 and will work to that end. MFAT notes that a planned Cabinet paper will recommend ratification of the Convention on Cluster Munitions - of which NZ was one of the first to sign on December 3 - subject to satisfactory completion of the scrutiny by the NZ Parliament (likely to be favorable given that the first public act of the new Disarmament Minister, Georgina te Heu Heu, was to sign the Convention and the fact that Labour Party in-government fully backed the Oslo Process).

Aid Restructuring Likely

¶14. (SBU) In response to the 2007 annual audit, in which the New Zealand Agency for International Development (NZAID) received a "poor" rating for its control environment and contract management, MFAT proposes a new organizational structure which, if approved by ministers, is expected to take 12-18 months to implement. Though the audit assessed no risk, MFAT have been on the defensive about its aid program and organizational structure. In part, this particular proposal reflects this. Foreign Minister McCully, in line with the new government's drive for fiscal accountability in the public sector, has already ordered a review of NZ's targeted aid program. Although, there are no signs that the objective to provide substantial developmental assistance, especially to the Pacific, will change, the means and calibration of its delivery could.

Comment: Will Ambition lead to Friction?

¶15. (SBU) Despite National's promise to conduct a bipartisan foreign policy, in addition to its ready adoption of many positions

and policies of the former Labour-led administration, it has made clear that it wants to see foreign policy conducted both with more "ambition" (a term fast becoming a National cliché) and greater accountability. It will be worth watching how much change those objectives produce and whether those changes result from a partnership or confrontation between MFAT and its ministers. End Comment.

McCormick